
FinMARS Improvement Plan

A Plan to Upgrade the Financial Management,
Analysis, and Reporting System for Indiana
School Corporations and Schools



Developed by the
Indiana Department of Education
with assistance from the
Indiana State Board of Accounts
and the
Office of Management and Budget

FinMARS Improvement Plan

A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools

Table of Contents

EXECUTIVE SUMMARY	1
BACKGROUND	2
ASSESSMENT OF CURRENT SITUATION	3
SCHOOL CORPORATION ACCOUNTING PRACTICES	3
“FORM 9”	4
UPDATED CHART OF ACCOUNTS	5
SYSTEMS IN OTHER STATES	5
ATTRIBUTES OF IMPROVED FINMARS SYSTEM	6
COMMON FRAMEWORK FOR EXCHANGING DATA	6
“REAL TIME” ACCESS	8
ROLE OF CURRENT VENDORS	8
FEDERAL REQUIREMENTS UPDATE	8
DISCOURAGE INAPPROPRIATE COMPARISONS	9
LEGAL ANALYSIS	9
RECOMMENDED WORKPLAN	10
NEW IDOE DATA COLLECTION SYSTEM	10
TRAINING OF SCHOOL CORPORATION PERSONNEL	11
FINANCIAL RESOURCES	12
TIMEFRAME	13
ADDITIONAL RECOMMENDATIONS	16
APPENDICES	17
APPENDIX A – SECTION 4 OF HEA 1006 (P.L. 191-2006)	17
APPENDIX B – CHART OF ACCOUNTS (AS OF JUNE 30, 2006)	19
APPENDIX C – FORM 9 LAYOUT AND REPORTS	26
APPENDIX D – SURVEY OF OTHER STATES’ PRACTICES	28
APPENDIX E – SCHOOLS INTEROPERABILITY FRAMEWORK OVERVIEW	38
APPENDIX F – SCHOOL CORPORATION LIABILITIES	40
APPENDIX G – INDIANA SCHOOL BUSINESS OFFICIAL LEADERSHIP ACADEMY	41

FinMARS Improvement Plan

A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools

Executive Summary

This document examines how Indiana school financial data is currently collected and shared, lays out a vision for improving that flow of information, and presents a roadmap to get from where we are to where we want to be.

The state Department of Education system that collects and stores financial data from local school corporations was developed back in the 1980's when mainframe technology was the standard. Because of its out-of-date design, data is cumbersome to load, information is time-consuming to retrieve, and technical expertise is not readily available when changes to the system need to be made.

A new system based on modern technology will take less effort to maintain while at the same time provide greater access to the data and more flexibility as new reporting needs arise. Completion of the new system is targeted for the end of 2007. In the interim, there would be short-term costs of approximately \$191,000 to meet initial provisions of P.L. 191-2006. Although firm cost projections can't be made until system requirements are defined, long-term costs to develop the new system are estimated to be \$3.5 million.

To the extent possible, when implementing this new system care should be taken to minimize the impact on local school corporation business officials. Apart from this project, school corporations already must adopt a new chart of accounts to record all transactions. A method to record expenses by school building will also need to be devised. Some corporations may even be required to acquire new accounting software in order to accommodate the new data exchange process. Although a survey of other states showed migration to double entry accrual accounting to be a trend, such a change should be deferred so as not to jeopardize the success of all the other modifications being made.

Lastly, it should be reiterated that the increased transparency to school financial data that will result from this project should be used solely to improve performance at individual corporations over time. "Apples-to-oranges" comparisons between corporations are neither accurate nor appropriate.

Background

The 2006 Indiana General Assembly passed Public Law 191-2006 (House Enrolled Act 1006). The stated purpose of this act was to encourage school corporations to undertake certain actions to save money in nonacademic areas such that more funds might be available for student instruction and learning. State lawmakers understood the need to validate the success of these cost saving measures. They also recognized that the financial data currently provided to the Indiana Department of Education by school corporations across the state was not adequate for this validation task. As a part of HEA 1006, therefore, the legislature directed the Department of Education, with the assistance of the State Board of Accounts, and the Office of Management and Budget (OMB) to develop a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools. (See Appendix A.) This document is the response to that mandate.

Several audiences have use for this financial information. Local school corporations must make day-to-day operational decisions; the State Board of Accounts needs to be able to conduct audits; local and state policy makers want to perform analytical inquiries; and state and federal education officials have changing reporting requirements. The challenge ahead will be to avoid requesting financial data multiple times, and in different ways, to meet these various needs. The project plan emphasizes coordination with the range of stakeholders so that school corporations will only have to submit one commonly formatted base set of financial data to serve these multiple purposes.

Assessment of Current Situation

School Corporation Accounting Practices

There are 292 public school corporations, 32 charter schools, and several other entities including the special education cooperatives in Indiana, each of which keeps separate financial records. School corporations must use fund accounting to account for all transactions according to the source of funds. Examples of the different funds are:

Supported by Tax Levies

- General Fund
- Debt Service
- Capital Projects
- Special Education Preschool
- School Transportation
- School Bus Replacement
- Pension Bond Debt Service

Must be Self-Supporting

- School Lunch
- Textbook Rental

Depending on the number of sources of revenue, a school corporation may track over 100 funds.

Disbursements are reported using both an account number and an object code. The account number describes the functional area in which the transaction took place and is determined by the chart of accounts, established by the State Board of Accounts. (See Appendix B.) Examples are Regular Instruction, Guidance Services, and Office of the Principal. The object code further documents the type of expenditure “purchased,” such as salaries, employee benefits, or supplies and materials.

Individual school corporations may establish further numbering conventions, such as cost centers, for their own use. For example, some corporations track expenses by school building (although most corporations do not record every expense at a school building level). Such detail is not requested to be shared with the state, as the coding is structured to answer unique locally-posed questions and varies from corporation to corporation.

Most school business officials use a cash basis accounting system. This approach can be likened to keeping a checkbook in which both income and expenses are recorded. As money comes in and goes out, it is either added to or subtracted from the respective fund balance. This is in contrast to an accrual basis, where debit and credit entries are made to asset and liability accounts to represent all changes in financial position (even events where no cash is involved). A handful of Indiana school corporations utilize facets of an accrual basis system for internal purposes only.

School corporations may use any of a number of accounting software packages that follow the parameters and controls set forth by the State Board of Accounts. There are about a dozen different vendors who provide school financial systems across the state.

“Form 9”

School corporations share their financial data with the state Department of Education twice a year via the Biannual Financial Report, more commonly known as “Form 9.” (See Appendix C.) Information is collected for the six-month periods ending June 30 and December 31. Data items included in the Form 9 submission are:

- Beginning balance by fund
- Ending balance by fund
- Receipts by fund and account number
- Expenditures by fund, account, and object number
- Debt information by source
- Beginning investment balance by fund
- Encumbrances by fund, account, and object number

Before the widespread use of computers, the Form 9 was submitted on ledger paper. Over the years, the data transfer process has evolved to submission via an electronic flat file sent either on a floppy diskette or by e-mail. For each data submission, the information must be manually transferred from the flat file into a central database. The debt information, encumbrances, and exceptions (temporary loans, investments, and inter-fund transfers) for school corporations are often keyed into the database by IDOE staff, as many school corporations’ accounting software programs are unable to generate this information electronically.

Once all of the information for a school corporation data submission is uploaded into the database, the data must then be balanced. There currently are 346 separate submissions, thus there currently are 346 separate balancing processes. (In addition to school corporations, Form 9’s are also submitted by charter schools, vocational career centers, and special education cooperatives.) Common errors found during balancing include: invalid account numbers, multiple records, funds out of balance, and incorrect beginning balances. For a single data submission, it may take anywhere from several days to several weeks to correct the errors. Once the corrections are made and the individual data submission is in balance, a set of reports is printed and mailed to the school corporation.

Overall, it typically takes five months for IDOE staff to balance all 346 submissions, after which state totals are completed, state-level reports are printed, and the process begins again for the next six-month period.

School corporation financial data requests frequently come from the non-profit sector, state agencies, financial advisory firms, constituents, graduate students, school corporations, and others. Compiling this information is currently both challenging and time consuming. For each data point that is requested, a programmer must be used to write a query. The data is collected in six-month intervals, thus two queries must be written for each data point as the system in place does not allow for two six-month periods to be linked together. In order to accomplish a calendar year or fiscal year request, multiple queries must be run, aligned in a spreadsheet, and calculated accordingly.

Even though the central database is stored in Oracle (a modern relational database), it was migrated from an original mainframe system. The database design is dated, making retrieval from the data tables a cumbersome exercise.

Updated Chart of Accounts

Even prior to the passage of P.L. 191-2006, the State Board of Accounts was developing an updated chart of accounts for use by school corporations. The primary reason for this update is the inability of the current system to meet certain United States Department of Education (USDOE) reporting requirements.

The new chart of accounts will help meet another directive of P.L. 191. I.C. 21-10-3 calls for the classification of all school expenditures into one of four categories i.e.: 1) student academic achievement, 2) student instructional support, 3) overhead and operational, and 4) non-operational. The current chart of accounts does not separate benefits (e.g., insurance, retirement, social security, etc.) by type of employee, so benefits expenses are currently lumped together, whether for instructional or non-instructional personnel.

The updated chart of accounts is expected to be implemented on January 1, 2008. Prior to implementation of the updated chart of accounts in January of 2008, benefit expenditures will need to be prorated across the four categories. All other account numbers will be sufficient for performing the categorization analysis.

Systems in Other States

To better understand the financial reporting systems of school corporations in other states, a survey was developed and sent to all state departments of education. Twenty-three states responded. (See Appendix D.) A summary is provided below.

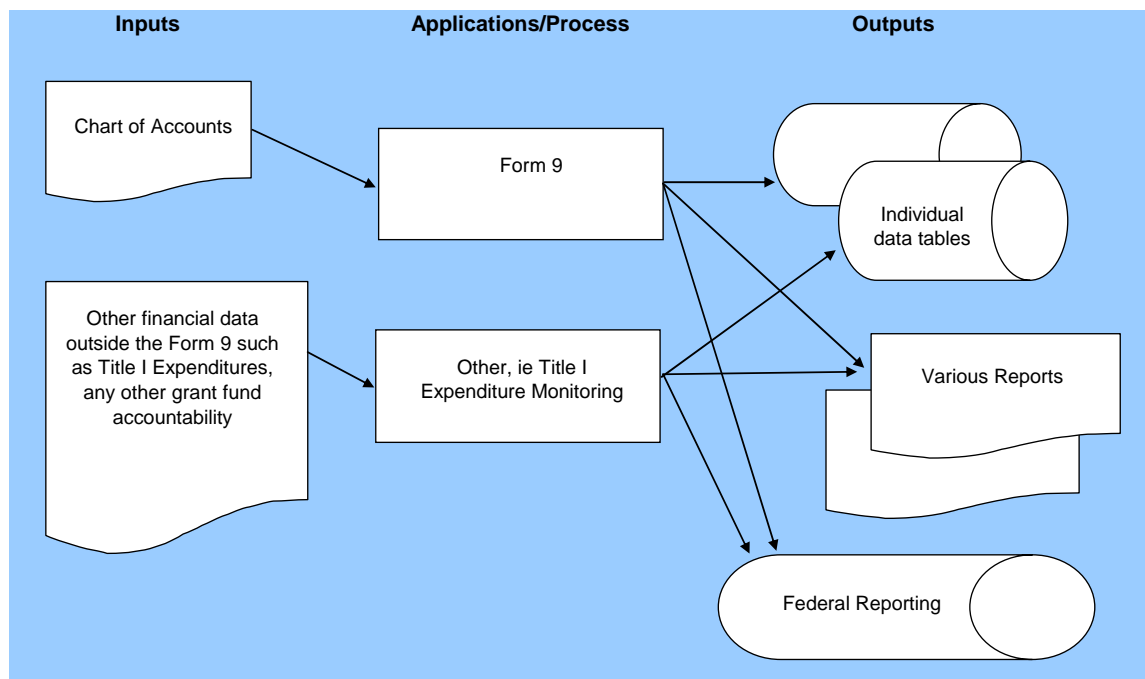
- Most responding (17 of 23, 74%) states place the responsibility of prescribing the public school accounting system within the state department of education.
- Most responding (21 of 23, 91%) states do not prescribe one accounting software package to be used by all public school corporations in the state.
- Most responding states (20 of 23, 87%) require school corporations to use some form of double entry accrual accounting.
- Most responding (18 of 23, 78%) states require school corporations to either publish or otherwise make available to the public a unified income and expense statement and most responding (16 of 23) states require school corporations to either publish or otherwise make available to the public a balance sheet.
- Regarding the audit of school financial records, slightly over half (12 of 23, 52%) the states responding reported that a state agency audits school financial records and slightly under half the states (11 of 23, 48%) indicated that they have no such provision. Of the responding states that audit school financial records, most impose requirements for external audit of school financial records. All responding states that audit reported that, discounting extraordinary circumstances, either the state agency or an outside auditor conducts the audits on an annual basis.
- Most responding (21 of 23, 96%) states indicated that schools report income and expenditure data to the state education department annually, with only one state reporting semiannually and one responding state reporting quarterly.
- A few responding (3 of 23, 13%) states reported having the capability to capture “real time” school corporation financial data. A few responding (4 of 23, 17%) states also reported having the capability to “harvest” or retrieve school data electronically on a periodic basis. The data harvesting is done annually for all but one of the responding states.
- 8 of the 23 (35%) responding states reported that the state education agency is staffed specifically for financial data analysis. Of the responding states that reported having staff for this purpose, the average staffing size is 4.5 FTE.

Attributes of Improved FinMARS System

Common Framework for Exchanging Data

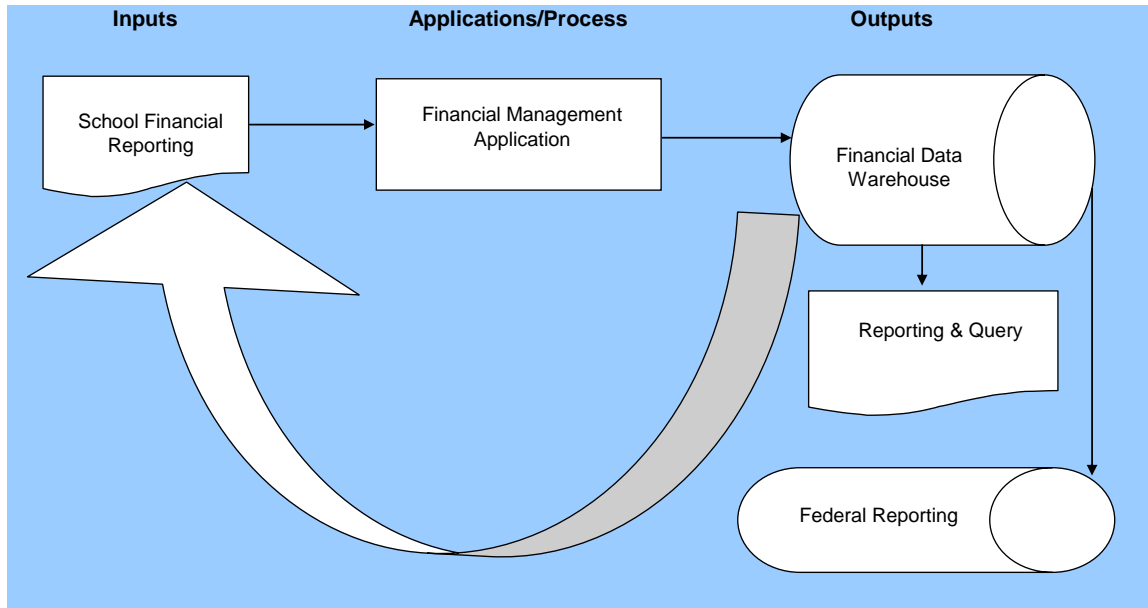
The Department of Education financial data system in place today was developed almost twenty years ago. It is written in an older programming language and has been modified throughout the years. The current system is a patchwork of computer code that is not easily supported. To add to this challenge, the Department of Education over time has added financial reports per Federal or State reporting and funding requirements for numerous programs and grants. This data collection and reporting operates as its own entity. There is no overlay of knowledge as to who has collected what information, resulting in potentially numerous data derivations for the same financial information and lost work productivity.

CHART 1: CURRENT IDOE FINANCIAL DATA SYSTEM



The vision for school corporation financial data collection going forward is that the information be collected **one time** and **one way**, housed in **one location**, and framed in data definitions that ensure integrity.

CHART 2: PROPOSED IDOE FINANCIAL DATA SYSTEM



The new system will need to be based on a model of interoperability and accessibility. The application will need to manage data from a variety of sources, such as school corporations and the Department of Local Government Finance (DLGF).

Interoperability will be a technical requirement for the definition and design of the new system. There are options to achieve this, but most notable is the Schools Interoperability Framework (SIF) (See Appendix E). SIF is not a product but a technical blueprint for K-12 software that enables diverse applications to interact and share data seamlessly. It is designed for technology providers and educators to manage data by working over a web-based interface. SIF also provides automated reporting.

While the SIF specification is broadly used by vendors serving the student information system market, financial/HR vendors and applications are a more emerging segment. Vendors are required to write “agents” that are SIF compliant and the state would have to use this specification as well. SIF will have a significant impact on the way information is stored, accessed, updated and transferred.

“Real Time” Access

P.L. 191-2006 calls for “real time or other timely access” to school expenditure data. Financial data is currently collected from school corporations once every six months. Given the wide variety of software packages in use and disparate levels of accounting expertise across the state, requiring more frequent data collection would entail major investments in both infrastructure and training both at the school corporation level and the state level. Furthermore, success in execution is likely to be mixed. Closing the books on a monthly basis is common in a commercial environment, but this is beyond expectations and demand in a school environment, at least in the near term.

It is certainly reasonable to expect more timely access when querying school financial data (even though it may be up to six months old). The current central database for school financial data is structured in a hierarchical mainframe-type format. To retrieve data to answer simple ad-hoc questions often requires hours of time from an expert programmer. The new system should be organized in an object-based, relational design. Such a design allows users with even a basic level of database knowledge to retrieve data with a report writer grouped by function, geographic area, or any other desired field.

Role of Current Vendors

The State of Indiana does not currently require school corporations to utilize a specific type of software to collect and disseminate financial information. Software vendors currently develop the capabilities for schools to extract data in a prescribed data layout format to the Department of Education. Upgrading and enhancing the Department’s current technological capabilities at the State level will require programming changes at the local level as well. A survey will be sent out to identify some of the challenges school corporations will face in upgrading their current financial systems as well as to assess the number of vendors that currently provide services to Indiana’s school corporations.

Federal Requirements Update

The National Center for Education Statistics (NCES), located within the U.S. Department of Education and the Institute of Education Sciences, is the primary federal entity for collecting and analyzing data related to education. They have recently identified the following as potential changes/updates to upcoming state data submissions:

- Focus on facilities and educational outcomes
- Teacher data specific to salary and benefits, class size, years of experience, etc.
- Property tax wealth information
- Linkage of financial data to students and teachers

Specific timelines and data points are still forthcoming at this point. However, NCES has already announced that it anticipates all data points currently in discussion will be reconciled and in place by 2008-2009.

Discourage Inappropriate Comparisons

One of the objectives of the improved FinMARS system is to enable a more transparent view of how much school corporations spend on student instructional expenditures verses all other expenditures. As this information is revealed, there will be some who will compare school corporations to one another concerning this ratio. Such comparisons generally are not appropriate.

For instance, student population density is lower in rural areas. It is reasonable, therefore, to expect that transportation costs (a non-instructional expense) will be higher for a rural school corporation compared to an urban school corporation because there are fewer students to pick up per bus route mile.

The purpose of categorizing school expenses is to compare one year's instructional ratio to the next for a given school corporation, education service center area, or the state as a whole. That way education officials and taxpayers alike can monitor whether or not performance is improving within a specific school corporation from year to year.

Legal Analysis

School corporations are currently required by state statute to publish two reports in the newspaper to inform constituents of various financial and performance information.

The first report is the Annual Financial Report which must be published in the local newspaper before August 15 each year. This report captures the actual receipt and expenditure information for the tax supported funds compared to the approved budget for these areas. This report also contains the salary schedules and pay rates, including the certified salary schedule, extra-curricular salary schedule, non-certified employees pay rates, and administrative staff rates. This report also captures two years of tax rate data, an indebtedness statement, and a list of vendors who were paid more than \$2,500 per year.

The second report is the Annual Performance Report, which must be published in the local newspaper between January 15 and January 31 of each year. This report contains information on student enrollment, average spending per student, teacher salaries, percentage of students in special education programs, gifted and talented programs, and vocational education programs as well as the percentage of students who are eligible for free and reduced lunches. In addition, information about test results, attendance, graduation, and other performance indicators must be reported.

We believe that it would be beneficial for these reports to be combined into one publication so that the redundancy of information is eliminated and school corporations could reduce expenditures related to publication.

Recommended Workplan

New IDOE Data Collection System

Currently, any analysis of school corporation financial information requires a programmer to write custom queries to retrieve the data points identified. This process is cumbersome, inefficient, and outdated. In creating a decision support system, it is recommended that two parallel paths be undertaken to address these challenges. First, it is recommended that programmers be hired to achieve financial data visibility in the short-term. Secondly, it is recommended that a requirements definition and design project be developed to create an application using IDOE standard development technology and data warehouse capabilities in the long-term.

The short-term solution immediately addresses several reporting requirements laid out in P.L. 191 while the new data system is under construction. P.L. 191 requires that school corporation financial data be analyzed in sum within four categories as identified by the law. In addition, P.L. 191 requires that financial information be available for viewing in a “balance sheet” format. (See Appendix A.) The Department of Education has begun work with the State Board of Accounts to produce balance sheet information. A draft format with some school corporation liability information currently available is attached in Appendix F. Hiring a programmer full-time and contracting a second programmer, both of whom are dedicated to these data access and reporting needs, addresses these requirements.

The long-term solution rebuilds the current data system. As noted earlier in the report, the data system in place today was developed almost twenty years ago. The new decision support system creates a powerful tool to be fully leveraged by all stakeholders involved. School corporations, the public, governmental agencies, the media, and research organizations will have this information to access and analyze at their fingertips.

To undertake this task, we will need to identify a Project Manager and a support team. In addition, members of a Steering Committee will be identified to oversee the project. Suggested participants for the Steering Committee include: OMB, State Board of Accounts, Department of Education, and school corporation business managers. The Project Manager will work closely with the Steering Committee and update the group monthly. The project management team will develop the bid specification and the project outline for the requirements definition. This process will engage all necessary parties in framing the following items:

- Capacity to support research
- Capacity to exchange data
- Capacity to provide reports to key stakeholders – school administrators, teachers, governmental leaders, and parents
- Capacity to sustain
- Procedures to ensure access
- Clear evaluation criteria
- Capacity to collect data uniformly

The chosen vendor will develop the requirements definition, project design, hardware/software requirements, and resource requirements. These recommendations will go before the Steering Committee for approval. An RFP will be written to the approved specifications. The Steering Committee will evaluate the RFP responses and select a vendor to develop the data system.

Training of School Corporation Personnel

P.L. 191 requires the Department of Education to take into account the need for training personnel in school corporations in the use of the system, including a plan for the department to work with officials in each school corporation who are responsible for the management of the school corporation's finances, organizations, and other resources to create programs and curricula to develop the officials' financial management skills and abilities.

Sufficient training is crucial to the success of this project. Training is planned for both state and school level personnel. A "train-the-trainer" approach will be used to thoroughly train personnel in school corporations across the state. Regional lead personnel will be identified in school corporations to replicate hands-on training in their geographic area. On-line training will also be developed to assist in pushing out material that can be delivered in this fashion.

The Indiana School Business Official Leadership Academy will be created to address long-term needs in the field. (See Appendix G.) The Academy will be operated by the Department of Education, with an Advisory Board represented by members of the General Assembly, practicing school business officials and superintendents, and members of the business community. The Indiana Association of School Business Officials will serve in an advisory role to the Academy.

Financial Resources

Below is the budget justification document outlining required staff and vendor contract costs to accomplish both the short-term and long-term plan. Short-term plan costs are estimated to total close to \$191,000 and are required for FY2006/2007. Costs for the short-term plan can be directly attributed to personnel. Projected long-term plan costs are estimated to be slightly under \$3.5 million and these resources are expected to be available in FY2007/2008). The bulk of these costs are associated with hiring a vendor to develop and implement the new financial management, analysis, and reporting system (FinMARS). Budget plans do not include expenses associated with software for school corporations.

BUDGET JUSTIFICATION

Staffing Requirements:

**Personnel not contracted include salaries and benefits in the FTE amount*

		Responsibility	FTE Year 1	FTE Year 2
Short-term Plan				
Dedicated Programmer	Developer		\$ 60,391	\$ 60,391
Programmer (contract)	Developer		\$ 35,000	\$ 35,000

Long-term Plan

Staffing resources currently available:

Dedicated Programmer	Developer		\$ 60,391	\$ 60,391
----------------------	-----------	--	-----------	-----------

**hired to address short-term plan, FTE would be re-directed to long-term plan*

Staffing resources needed:

Project Manager	Manages the day-to-day operations of the contractor resources in keeping with the project plan and budget, and in keeping with the project's commitments. Ensures product and service delivery, manages quality control.		\$ 104,800	\$ 104,800
Technical Personnel (contract)	Provides technical direction and coordination to the development efforts. Leads, advises, and documents all technical/architectural discussions. Develops and delivers technical solutions in keeping with the project plan.		\$ 60,000	\$ 60,000
Technical Personnel (contract)	Application Developer		\$ 48,000	\$ 48,000
Financial Analyst (3 FTE)	Provides analysis of school financial data. Determines appropriate public reporting structure of such data. Maintains consistency in collection and reporting between all levels of government.		\$ 235,800	\$ 235,800
Total Staff:			\$ 508,991	\$ 508,991

Training resources needed:

FinMARS Training	\$ 75,000
Academy Program requirements	\$ 300,000

Vendor Requirements:

Requirements definition development

	Total Cost
Outside vendor	\$ 100,000

New financial system

	Total Cost
Estimated	\$ 2,000,000

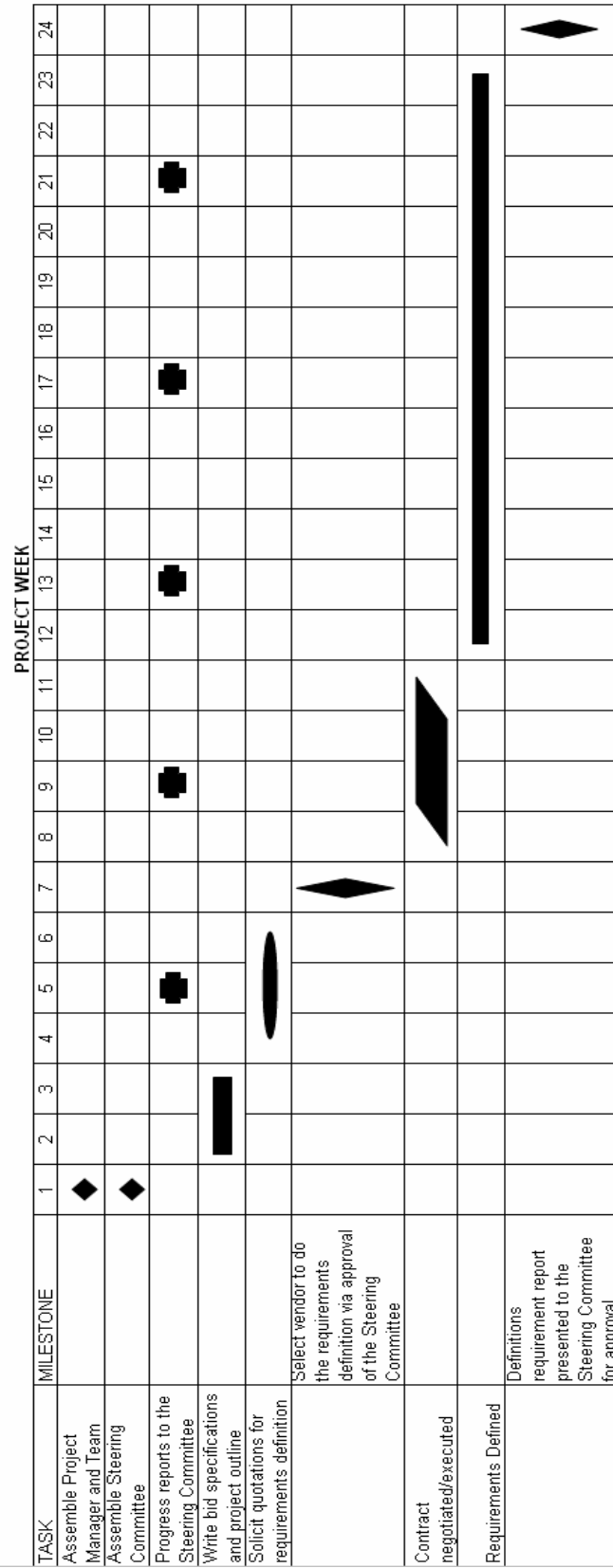
Total cost for short-term plan:	\$ 190,782
Total cost for long-term plan:	\$ 3,492,982

NOTE: Cost estimates are subject to change based on the outcome of the definitions requirement.

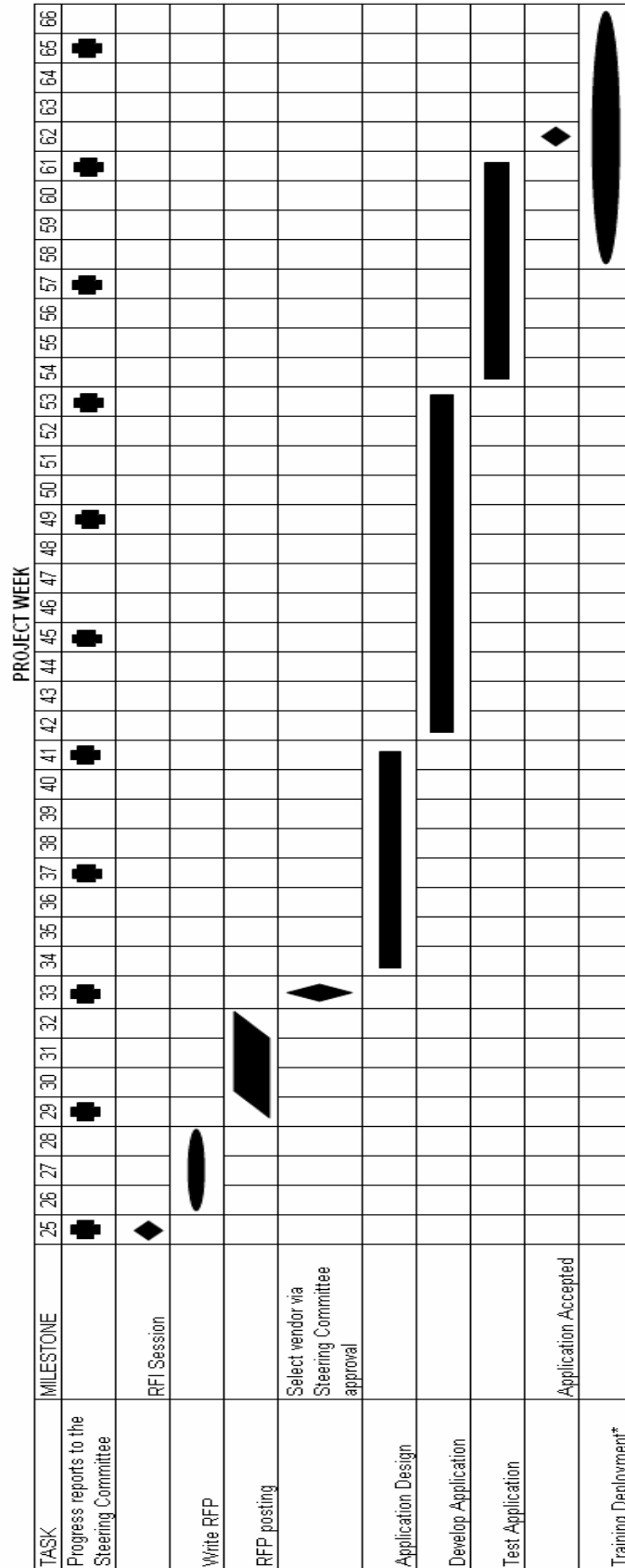
Timeframe

On the following pages are two timelines laying out Phase I and Phase II of the long-term plan. Phase I spans six months and has as its end goal the development of the definitions requirement. Phase II spans slightly more than ten months and has as its end goal the development and implementation of FinMARS. It is important to note that both phases of the timeline assume DOE staff and field staff will be available as subject matter experts throughout the process. Working within the timelines suggested, it is anticipated that the Department of Education will have FinMARS completed by the end of 2007. The timeline targets school corporation training and migration to the new system beginning in mid 2007. It is important to note that the timeline is aggressive in order to overlay all changes identified with chart of account changes scheduled for implementation in January of 2008. The expectation is that the "Form 9" data for the first half of 2008 will be collected using the new data system in mid 2008. The timeline is predicated on funding being available for FY2006/2007 and FY2007/2008.

PHASE I:
Requirements Analysis (October 2006 - March 2007)



PHASE II:
Develop and Implement New Financial System (April 2007 - January 2008)



*Training will begin once the application task is at a user acceptance testing phase. To expedite the "train the trainer" approach, we plan to utilize the trainers in the testing phase. Training deployment is anticipated to take six months to one year to complete once the milestone for application acceptance has been completed.

Additional Recommendations

Implementing the above workplan will bring about significant progress toward making access to Indiana school financial information simpler and more timely. However, there are additional steps beyond the scope of the workplan which should be taken to improve the quality of this data:

- **Develop coding system to track expenditures at a school level** – P.L. 191 expresses a requirement that expenditures be tracked according to the school building where the expense is incurred. Most schools currently are not equipped to track at this level. It will take time for corporations to integrate building information into their cost centers and implement the numbering codes into their systems. The State Board of Accounts should proactively address this task.
- **Establish fund to assist school corporations with the acquisition of a new system** – Some school corporations may have difficulty identifying the financial resources needed to make the required changes. To assist with the financial burden of buying new equipment and software, the state should set up a revolving fund that can be distributed to local school corporations who lack the capacity to obtain new systems on their own.
- **Study the merits of moving from a cash basis of accounting to an accrual basis of accounting** – It is apparent that numerous public sector entities across the country are moving or have moved to a double entry system of accounting. Clearly a change of this magnitude requires substantial discussion and thought. Most governmental entities (parenthetically these are cities, towns, libraries, etc) in the State of Indiana currently operate under a cash basis of accounting. The Department of Education in conjunction with the State Board of Accounts should study the merits of moving schools to an accrual system and include as part of the study the additional data elements that would be required.

Appendices

Appendix A – Section 4 of HEA 1006 (P.L. 191-2006)

SECTION 4. [EFFECTIVE JULY 1, 2006] (a) The definitions in IC 20 apply to this SECTION.

(b) Not later than August 31, 2006:

(1) the department shall develop; and

(2) the state board shall review and may modify before approving;

a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools.

(c) The plan developed under subsection (b) must:

(1) provide the use of generally accepted accounting principles based on the system of accounting used by school corporations and schools on June 30, 2006, and a unified income and expense statement and balance sheet;

(2) provide school corporations and schools the ability to track expenditures individually and according to the expenditure category under IC 21-10-3-4, as added by this act, the program under which the expense was incurred, and the school building where the expense was incurred;

(3) provide real time or other timely access to expenditures, and across functions, schools, and school corporations; and

(4) enable periodic and annual analysis and reporting to the leadership of a school, the superintendent and governing body of a school corporation, the general public, the department, the state board, the governor, and the general assembly.

(d) In developing the plan under subsection (b), the department, following approval by and under the direction of the state board, shall:

(1) use the assistance of the state board of accounts, the division of finance of the department, the division of technology of the department, the office of management and budget, and external consultants and advisers the state board determines are necessary;

(2) provide the opportunity for input from governing bodies, superintendents, and other interested parties;

(3) consider existing financial management, analysis, and reporting systems and technology in use in school corporations and in other states;

(4) take into account the need for training personnel in school corporations in the use of the system, including a plan for the department to work with the officials in each school corporation who are responsible for the management of the school corporation's finances, organizations, and other resources to create programs and curricula to develop the officials' financial management skills and abilities as well as train them in the use of the system; and

(5) identify any amendments to the Indiana Code that are necessary to implement specific provisions of the plan.

(e) Not later than October 1, 2006, the department and the state board shall submit the plan developed under subsection (b) to the governor and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

(f) This SECTION expires December 31, 2009.

Appendix B – Chart of Accounts (as of June 30, 2006)

1000 REVENUE FROM LOCAL SOURCES

- 1100 Taxes
 - 1110 Local Property Tax
 - 1120 Income Taxes
 - 1125 Financial Institutions Tax
 - 1130 Revenue in Lieu of Taxes
 - 1150 License Excise Taxes
 - 1151 Commercial Vehicle Excise Tax
 - 1160 Local Option Property Tax Replacement
 - 1190 Other Taxes
- 1300 Tuition
 - 1310 Regular Transfer Tuition From
 - 1311 Pupils Or Parents
 - 1312 Other Indiana School Corporations
 - 1330 Summer School From
 - 1331 Pupils Or Parents
- 1500 Earnings On Investments
 - 1510 Interest On Investments
- 1900 Other Revenue From Local Sources
 - 1910 Rent of Property
 - 1920 Gifts, Donations and Bequests
 - 1941 Other Indiana School Corporations
 - 1990 Other (Specify)
 - 1991 Receipts from Extra-Curricular
 - 1999 Other Revenue/Local Sources

2000 REVENUE FROM INTERMEDIATE SOURCES

- 2200 Revenue in Lieu of Taxes
 - 2210 Congressional Interest
- 2300 Revenue For/On Behalf of the School
- 2900 Other (Specify)

3000 REVENUE FROM STATE SOURCES

- 3100 Grants-In-Aid (Unrestricted)
 - 3110 Minimum Foundation Program
 - 3111 Basic Grant
 - 3113 Common School Funds Withheld
 - 3114 Summer School
 - 3115 Evening And Part-Time School
 - 3199 Extended Summer Learning Program
- 3200 Grants-In-Aid (Restricted)
 - 3280 Focused Learn Experience (FLEX)
 - 3282 Begin Teach Internship Prog
- 3400 Revenue on Behalf School Corporation

6000 LOANS

- 6100 Temporary

7000 SALE OF PROPERTY, ADJUSTMENTS AND REFUNDS

- 7100 Sale of Property
 - 7110 Real Property
 - 7130 Securities
- 7200 Adjustments

- 7210 Insurance (Claims for Losses)
 - 7290 Other (Specify)
 - 7300 Refunds
 - 7310 Insurance (of Premiums Paid)
 - 7320 Overpayments
 - 7329 Other Overpayments
- 9000 Transfers From One Fund to Another
- 10000 INSTRUCTION
 - 11000 Regular Programs
 - 11025 Non Special Ed Preschool
 - 11050 Full Day Kindergarten
 - 11100 Elementary
 - 11200 Middle/Junior High School
 - 11300 High School
 - 11350 Honors Diploma Award
 - 11355 Academic Honors - High Ability Student Program
 - 11400 Vocational Education
 - 11410 Agriculture A
 - 11420 Agriculture B
 - 11430 Distributive Education
 - 11440 Health Occupations
 - 11450 Consumer and Homemaking
 - 11460 Occupational Home Economics
 - 11470 Business Education
 - 11480 Industrial Education A
 - 11490 Industrial Education B
 - 11500 Vocational Education
 - 11510 Cooperative Education
 - 11520 Area School Participation
 - 11590 Other Vocational Education Programs
 - 11600 Alternative Education Programs
 - 11610 Elementary
 - 11620 Middle/Junior High School
 - 11630 High School
 - 11900 Other Regular Programs
 - 11910 Competency Testing
 - 11920 Project 4R
 - 12000 Special Programs
 - 12100 Gifted and Talented
 - 12200 Mental Handicap
 - 12210 Mild Mental Handicap
 - 12220 Moderate Mental Handicap
 - 12230 Mental Handicap
 - 12300 Physical Impairment
 - 12310 Orthopedic Impairment
 - 12320 Multiple Handicap
 - 12330 Visual Impairment
 - 12340 Hearing Impairment
 - 12350 Homebound
 - 12400 Emotional Handicap
 - 12410 Full Time
 - 12420 All Others
 - 12500 Culturally Different
 - 12510 Communication Disorders

- 12520 Compensatory
- 12600 Learning Disability
 - 12610 Learning Disability - Full Time
 - 12620 Learning Disability - All Others
- 12700 Equal Opportunity At Risk
 - 12710 Equal Opportunity At Risk
- 12800 Special Education Preschool
 - 12810 Special Education Preschool
- 12900 Other Special Programs
- 13000 Adult/Continuing Education Programs
 - 13100 Adult Basic Education
 - 13200 Advanced Adult Education
 - 13300 Occupational Programs
 - 13600 Special Interest Programs
 - 13900 Other Adult/Continuing Education Programs
- 14000 Summer School Programs
 - 14100 Elementary
 - 14200 Middle/Junior High School
 - 14300 High School
- 15000 Enrichment Programs
 - 15100 Non-Credit
- 16000 Remediation
 - 16100 Remediation Testing
 - 16200 Preventive Remediation

20000 SUPPORT SERVICES

- 21000 Support Services - Pupils
 - 21100 Attendance and Social Work Services
 - 21110 Service Area Direction
 - 21120 Attendance Services
 - 21130 Social Work Services
 - 21140 Pupil Accounting
 - 21190 Other Attendance and Social Work Services
 - 21200 Guidance Services
 - 21210 Service Area Direction
 - 21220 Counseling Services
 - 21230 Appraisal Services
 - 21240 Information Services
 - 21250 Records Maintenance
 - 21290 Other Guidance Services
 - 21300 Health Services
 - 21310 Service Area Direction
 - 21320 Medical Services
 - 21330 Dental Services
 - 21340 Nurse Services
 - 21390 Other Health Services
 - 21400 Psychological Services
 - 21410 Service Area Direction
 - 21420 Psychological Testing
 - 21430 Psychological Counseling
 - 21490 Other Psychological Services
 - 21500 Speech Pathology and Audiology Services
 - 21510 Service Area Direction
 - 21520 Speech Pathology Services
 - 21530 Audiology Services

- 21590 Other Speech Pathology Services
- 21600 Special Education Administration
 - 21610 Service Area Direction
 - 21690 Other Special Education Administration
- 21700 Other Student Services
 - 21710 Service Area Direction
 - 21790 Other Student Services
- 22000 Support Services - Instruction Staff
 - 22100 Improvement of Instruction and Curriculum Services
 - 22110 Service Area Direction
 - 22120 Instruction and Curriculum Development
 - 22130 Instructional Staff Training Services
 - 22190 Other Improvement of Instruction and Curriculum Services
 - 22200 Educational Media Services
 - 22210 Service Area Direction
 - 22220 School Library
 - 22230 Audiovisual
 - 22240 Educational Television
 - 22250 Computer Assisted Instruction Services
 - 22290 Other Educational Media Services
- 23000 Support Services - General Administration
 - 23100 Governing Body Services
 - 23110 Service Area Direction
 - 23120 Service Area Assistants
 - 23150 Legal Services
 - 23160 Promotion Expense
 - 23190 Other Governing Body Services
 - 23200 Executive Administration
 - 23210 Office of the Superintendent
 - 23220 Community Relations
 - 23230 Staff Relations and Negotiations
 - 23290 Other Executive Administration Services
- 24000 Support Services - School Administration
 - 24100 Office of the Principal
 - 24900 Other Support Services - School Administration
- 25000 Support Services - Business
 - 25100 Direction of Business Support Services
 - 25110 Office of the Business Manager
 - 25200 Fiscal Services
 - 25210 Service Area Direction
 - 25220 Budgeting
 - 25230 Receiving and Disbursing Funds
 - 25240 Payroll Services
 - 25250 Financial Accounting
 - 25260 Internal Auditing
 - 25270 Property Accounting
 - 25290 Other Fiscal Services
 - 25291 Refund of Revenue
 - 25292 Petty Cash
 - 25293 Printed Forms
 - 25295 Bank Service Charge
 - 25296 Cash Change
 - 25299 Other
 - 25300 Facilities Acquisition and Construction
 - 25310 Service Area Direction

- 25320 Land Acquisition and Development
- 25330 Professional Services
- 25340 Educational Specifications Development
- 25350 Building Acquisition, Construction and Improvement
 - 25351 Building Acquisition, Construction and Improvements
 - 25352 Energy Savings Contracts
 - 25353 Skilled Craft Employees
 - 25355 Sports Facilities
- 25360 Rent of Buildings, Grounds, Equipment
- 25370 Purchase of Moveable Equipment
- 25380 Purchase of Mobile or Fixed Equipment
- 25390 Other Facilities Acquisition and Construction
- 25400 Operation and Maintenance of Plant Services
 - 25410 Service Area Direction
 - 25420 Maintenance of Buildings
 - 25430 Maintenance of Grounds
 - 25440 Maintenance of Equipment
 - 25450 Vehicle Maintenance (Other than buses)
 - 25460 Security Services
 - 25470 Insurance (Other than buses)
 - 25490 Other Operating and Maintenance of Plant
- 25500 Pupil Transportation Services
 - 25510 Service Area Direction
 - 25520 Vehicle Operation
 - 25530 Monitoring Services
 - 25540 Vehicle Servicing and Maintenance
 - 25550 Purchase of School Buses
 - 25560 Insurance on Buses
 - 25570 Insurance on Pupils
 - 25580 Contracted Transportation Services
 - 25590 Other Student Transportation Services
 - 25591 Bus Driver Training
- 25600 Food Services
 - 25610 Service Area Direction
 - 25620 Food Preparation and Dispensing
 - 25630 Food Delivery
 - 25640 Food Purchases
 - 25680 Distribution of School Lunch Reimbursements
 - 25690 Other Food Services
- 25700 Internal Services
 - 25710 Service Area Direction
 - 25720 Purchasing
 - 25730 Warehousing and Distributing
 - 25740 Printing, Publishing, and Duplicating Services
 - 25790 Other Internal Services
- 25800 Textbooks for Rent or Resale
 - 25810 Direction of Rental Service
 - 25820 Textbooks and Repairs
 - 25830 Distribution of Textbook Reimbursement
 - 25840 Other Textbook Rental Service
 - 25850 Direction of Resale Service
 - 25860 Textbooks and Workbooks
 - 25870 Materials and Supplies
 - 25890 Other Textbook Resale Services
- 25900 Other Support Services - Business

- 25910 Judgments
- 25920 Ditch Assessments
- 25930 Easements
- 25940 Settlements
- 25950 Other Assessments (Penalties)
- 26000 Support Services-Central
 - 26100 Direction of Central Support Services
 - 26200 Planning, Research, Development and Evaluation
 - 26300 Public Information Services
 - 26400 Staff Services
 - 26410 Service Area Direction
 - 26420 Employment and Placement
 - 26430 Staff Accounting Services
 - 26440 Inservice Training (Noninstructional)
 - 26450 Health Services
 - 26490 Other Staff Services
 - 26491 Public Employees' Retirement Fund
 - 26492 Social Security
 - 26493 Workmen's Compensation
 - 26494 Group Insurance
 - 26495 Official Bonds
 - 26496 Unemployment Compensation
 - 26497 Teachers Retirement Fund
 - 26498 Severance/Early Retirement Pay
 - 26499 Other
 - 26500 Statistical Services
 - 26600 Data Processing
 - 26700 Technology Coordinator
 - 26710 Technology Support and Maintenance
 - 26900 Other Staff Services
- 29000 Other Support Services

30000 COMMUNITY SERVICES

- 31000 Direction of Community Services
- 32000 Community Recreation
- 33000 Civic Services
- 34000 Athletic Coaches
- 36000 Welfare Activities Services
- 37000 Nonpublic School Pupil Services
- 39000 Other Community Services
 - 39100 Band Uniforms
 - 39200 Contributions to Historical Societies
 - 39400 Latch Key Kid Program
 - 39500 Child Care Services
 - 39600 Step Ahead
 - 39900 Other Community Services

40000 NONPROGRAMMED CHARGES

- 41000 Payments to Other Governmental Units Within State
 - 41100 Transfer Tuition
 - 41300 Area Vocational Schools
 - 41400 Joint Services and Supply - Special Education
 - 41500 Interlocal Agreements - Special Education
 - 41600 Joint Services and Supply - Other
 - 41700 Interlocal - Other

- 41800 Payments to Charter Schools
- 41900 Other
- 42000 Payments to Governmental Units Outside State
- 43000 Interfund Transfers
 - 43100 Transfers from One Fund to Another
 - 43120 Transfer to Self-Insurance
 - 43200 Loans from One Fund to Another
 - 43300 Securities Purchased
 - 43400 FICA Transfers (Co-ops only)
 - 43500 Debt Service TBR Transfers (ECA Only)
- 49000 Other Nonprogrammed Charges
 - 49100 Indirect Costs
 - 49200 Scholarship

50000 DEBT SERVICES

- 51000 Principal of Debt
 - 51100 Bonds
 - 51200 Temporary Loans
 - 51300 Emergency Loans
 - 51400 School Bus Loans
 - 51500 Bond Anticipation Notes
 - 51600 Other Department of Local Government Finance Approved Debt
- 52000 Interest on Debt
 - 52100 Bonds
 - 52200 Temporary Loans
 - 52300 Emergency Loans
 - 52400 School Bus Loans
 - 52500 Bond Anticipation Notes
 - 52600 Other Department of Local Government Finance Approved Debt
- 53000 Lease Rental
 - 53100 Buildings-Principal
 - 53150 Buildings-Interest
 - 53200 Equipment-Principal
 - 53250 Equipment-Interest
 - 53300 School Buses-Principal
 - 53350 School Buses-Interest
 - 53400 Other-Principal
 - 53450 Other-Interest
- 54000 Advancements and Obligations
 - 54100 Veterans' Memorial Fund
 - 54200 Common School Fund
 - 54300 Civil Aid Bond Obligations
- 59000 Other Debt Services (Specify)
 - 59100 Bond Registrars Fee
 - 59200 Bond Bank Fee

Appendix C – Form 9 Layout and Reports

Below is the data layout for school corporations' Biannual Financial Report, commonly known as Form 9.

<u>Field #</u>	<u>Field Name</u>	<u># of Bytes</u>	<u>Description</u>
1.	Corporation Number	4	Four character corporation code
2.	Section ID	1	1 = Receipts 2 = Expenditures 3 = Receipt Exceptions (6100, 6300, 7130, 9000, 9100) 4 = Expenditure Exceptions (43100, 43120, 43200, 43300, 43400, 51200) 5 = Beginning Cash Balance 6 = Ending Cash Balance 7 = Beginning Investment Balance 8 = Encumbrances 9 = Statement of Obligations
3.	Fund Number	3	Fund number as prescribed by Board of Accounts
4.	Account Number	5	Account number as prescribed by Board of Accounts
5.	Object Number	3	Object number as prescribed by Board of Accounts
6.	Amount	11.2	Data amount in format xxxxxxxxxxx.xx

TOTAL RECORD LENGTH = 30

- No field separators should be included in the data file.
- Each record should be terminated with a new line/carriage return.
- Signing of the amount field should be done in the case of negatives only and should appear immediately before the data amount. Amounts must be right justified.
- All fund, account, and object numbers reported must be those prescribed in the State Board of Accounts= Accounting Manual for Indiana Public School Corporations. Locally established accounts and account extensions will not be accepted.
- Schools should report detail data only. No totals or other information should be included.
- Do not report an entry with an amount of \$0.00. These \$0.00 entries are unnecessary and consume database space.

The system currently in use generates a set of standard reports. These reports are as follows:

Summary of Receipts and Expenditures Report - Displays by fund, the beginning cash balance, receipts, receipt exceptions, expenditure, expenditure exceptions, and ending cash balance.

Statement of Investments Report – Displays by fund, the beginning investment balance, sale of investments, purchase of investments, and ending investment balance.

The **Statement of Obligations Report** – Displays by loan type, the beginning principal balance, principal created, principal paid, ending principal balance, and interest outstanding.

Not Valid Records Report – Displays the receipt, expenditure, and/or object numbers that are not valid within the data. If invalid records are discovered, a call must be made to the school corporation to determine the correct number.

Descriptive Report by Fund and Account – Displays by fund, the detail of the receipt and expenditures by account number.

Detail Descriptive Report by Fund and Account – Displays by fund, the detail of the receipt and expenditures by account number, as well as, the object number. This is a slightly more detailed report than the Descriptive Report by Fund and Account.

Statement of Encumbrances Report – Displays by tax fund, the outstanding purchase orders as of December 31 of any given year.

Expenditures by Objects Report – Displays the expenditures by object as a percentage to the total.

Multiple Records Report – Displays records in which the same fund, account and object number are used multiple times. This information is used to create totals as needed.

If data is needed for an ad hoc query not found on a standard report, it must be retrieved by an experienced SQL programmer. An example of a SQL script for one data point (for one six-month period) is below:

```
select corps.corp,sum(nvl(amount,0))  
from t052,corps  
where t052.corp=corps.corp  
and type = '1'  
and section = '2'  
and account = 11100  
and object = 110  
group by corps.corp;
```

Appendix D – Survey of Other States’ Practices

Below is the survey that was distributed to departments of education in other states to assess their financial management, analysis, and reporting systems. The individual responses follow.

Indiana Department of Education State Survey

This survey may be completed on line at the address below:

<https://mustang.doe.state.in.us/dg/finance.cfm>

State _____

Person responding _____

E-mail address _____

1. Does the State Department of Education prescribe the accounting system for school districts to be used in your state?

Yes _____

No _____
2. If the State Department of Education does not prescribe the accounting system used by school districts in your state, please identify the state agency that does prescribe the accounting system and if known the contact information for that agency.
3. Does your state prescribe one accounting software package to be used by all public school districts in your state?

Yes _____

No _____
4. If one state prescribed accounting software package is used, please provide the name of the software package/vendor.
5. If your state prescribes the accounting software package to be used, does the state purchase the software package?

Yes _____

No _____

6. Please check the appropriate prescribed accounting system for school districts in your state:

Single entry, cash system _____

Double entry, accrual system _____

Modified double entry, accrual system _____

Other (please identify) _____

7. Are school districts in your state required to publish or otherwise provide for public consumption a unified income and expense statement?

Yes _____

No _____

8. Are school districts in your state required to publish or otherwise provide a balance sheet for public consumption?

Yes _____

No _____

9. Does a state agency audit school district financial records?

Yes _____

No _____

10. If a state agency does not audit school district financial records are there any state imposed requirements for an outside audit of school district financial records?

Yes _____

No _____

11. If yes, please enumerate the state imposed requirements for outside audit of school district financial records.

12. At a minimum (discounting extra ordinary conditions) how frequently are audits required to be done, either by a state agency or an outside auditor(s)?

Semi-Annually _____

Annually _____

Every two years _____

Other _____

13. How frequently do school districts in your state report revenues and expenditures to the state department of education?

Quarterly _____

Semiannually _____

Annually _____

Other – please enumerate _____

14. Does your state provide for “real time” capturing of school district revenue and expenditure data by the state department of education?

Yes _____

No _____

15. Does your state department of education “harvest” or retrieve school district financial data electronically from school districts during non- work hours or during other times using XML (Extendable Mark-up Language) or another means on a periodic basis?

Yes _____

No _____

16. If your state does harvest school district financial data, how frequently is this done?

Weekly _____

Monthly _____

Other (please enumerate). _____

17. Is the state education agency in your state staffed for school district financial data analysis?

Yes _____

No _____

18. If the state education agency in your state is staffed for school district financial data analysis, approximately how many staff persons (full-time equivalent) are dedicated to this analysis?

Please return to: Dr. William L. Riley, Fiscal Policy Analyst
Indiana Department of Education
Room 229 State House
Indianapolis, IN 46204

E-mail: wiley@doe.state.in.us
Fax: 317-232-0504

	Q-1	Q-2	Q-3	Q-4	Q-5	Q-6	Q-7	Q-8	Q-9
Alabama	yes		no		no	MDE/AS	yes	no	
Alaska	yes		no			DE/AS	yes	yes	no
Arkansas	yes		yes	Pentamation	yes	SE/CS	no	no	yes
Connecticut	no		no			DE/AS	yes	yes	no
Florida	yes	N/A	no	0	no	DE/AS	yes	yes	yes
Idaho	yes		no			MDE/AS	yes	yes	no
Illinois	yes		no			MDE/AS	yes	yes	yes
Iowa	no		no			DE/AS	no	yes	no
Kansas	yes		no			SE/CS	yes	no	yes
Kentucky	yes		yes	MUNIS	yes	DE/AS	yes	no	no
Maryland	yes		no			MDE/AS	yes	yes	yes
Michigan	yes		no			MODIFIED A	yes	yes	no
New Mexico	yes		no			SE/CS	yes	yes	yes
New York	no		no			MDE/AS	yes	yes	yes
North Dakota	yes		no			MDE/AS	no	yes	no
Oklahoma	yes		no			MDE/AS	yes	yes	no
Pennsylvania	no		no			DE/AS	no	no	yes
Rhode Island	no		no			MDE/AS	yes	yes	no
South Carolina	yes		no		no	MDE/AS	yes	yes	yes
Texas	yes		no			DE/AS	yes		no
Washington	yes		no			See note	See note		yes
Wisconsin	yes		no			MDE/AS	yes	yes	yes
Wyoming	no		no			MDE/AS	yes	yes	yes
Total # "yes"	17		2		2		18	16	12

	Q-10	Q-11	Q-12	Q-13	Q-14	Q-15	Q-16	Q-17	Q-18
Alabama	yes		Annually		yes	no		yes	9
Alaska	yes		Annually	Annually	no	no		yes	3
Arkansas	yes		Annually	Annually	no	no		no	
Connecticut	yes		Annually	Annually	no	no			
Florida	yes	1	Annually	Annually	no	yes	Annually	yes	5
Idaho	yes		Annually	Annually					
Illinois			Annually	Annually	no	yes	Annually	no	
Iowa	yes		Annually	Annually	no	no		no	N/R
Kansas	yes		Annually	Annually	no	no		no	
Kentucky	yes		Annually	Annually	no	no		yes	8
Maryland			Annually	Semi-annually	yes	no		yes	
Michigan	yes		Annually	Annually	no	no		yes	2.5
New Mexico			Annually	Quarterly	no	no		yes	
New York	yes		Annually	Annually	no	no		no	
North Dakota	yes		Bi-annually	Annually	no	no		no	
Oklahoma	yes		Annually	Annually	yes	no			
Pennsylvania	yes		Annually	Annually	no	no		no	
Rhode Island	yes		Annually	Annually	no	no		yes	1
South Carolina	yes		Annually	Annually	no	yes	Annually	no	N/A
Texas	yes		Annually	Annually	no	yes		yes	
Washington	yes		Annually	Annually	no	no		yes	4
Wisconsin	no		Annually	Annually	no	no		yes	
Wyoming			Annually	Annually	no	no		yes	4
Total # "yes"	18				3	4		12	

ALABAMA

- Q-4 Although the Alabama Department of Education does not prescribe a single accounting software vendor, McAleer Computer Associates is the vendor for all but 5 LEA's
- Q-9 About 1/2 of LEA's
- Q-11 Audits must comply with GASB 34 and OMB Circular A-133. Audits must include review of compliance with state and local laws. Audits must meet the requirements of the Standards for Audits of Local Education Agencies approved by the State Board of Education.
- Q-13 Monthly effective 10/1/06

ALASKA

- Q-1 Through regulating legislation
- Q-7 Through an Independent Audited Financial Statement
- Q-8 Through an Independent Audited Financial Statement
- Q-11 Required through the State Single Audit requirement to obtain an Independent Audit each year and submit the financial statements to the department.

ARKANSAS

- Q-10 Districts may choose to use a private auditing firm at their own expense in lieu of using "Arkansas Legislative Audit"
- Q-14 Not yet but they probably will next fiscal year
- Q-15 Not currently but probably will next fiscal year

CONNECTICUT

- Q-2 The Office of Policy and Management (PM)
- Q-4 N/A
- Q-5 N/A
- Q-11 Districts are required to have an annual audit performed of their financial and student records by an independent CPA. They are also required to comply with the provisions of the state and federal Single Audit Acts.
- Q-16 N/A

- Q-18 The Department does not have an office dedicated to School Finance. That function is diffused throughout the agency, particularly in our grants, assessment and research areas.

FLORIDA

- Q-7 Audited financial statements
- Q-9 Small and medium sized districts, Office of Auditor General; Large districts, CPA Firms
- Q-11 Section 218.39 Florida Statutes: Annual Financial Audit Reports provides requirements of financial audit reports.
- Q-15 Annually data is electronically submitted.

IDAHO

- Q-1 Idaho Financial Accounting Reporting Management System (IFARMS)
- Q-7 Required to be prepared monthly for school board and public consumption
- Q-8 Required to be prepared monthly for school board and public consumption; Combined all fund balance sheets and combined all funds Statement of Revenues, Expenditures and Changes in Balances are submitted to State annually.

IOWA

- Q-2 State does not prescribe or approve accounting systems used by local k-12 districts but does stipulate what data must be made accessible.
- Q-8 Annual report of district's design.
- Q-10 Annual audit by state auditor or outside CPA firm that has met state auditor training requirements.
- Q-11 Chapter 11 of the Code of Iowa; U.S. generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and non-Profit Organizations when applicable.

KANSAS

- Q-11 Is required to have a financial audit by an independent audit firm.

KENTUCKY

- Q-4 MUNIS, Tyler Technologies
- Q-9 Where a management audit is called for or allegations of impropriety exist, the state will audit the district, but not on a scheduled basis.
- Q-11 <http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Financial+Audit+Contract+Information.htm>
- Q-13 Special revenue from both state and federal sources are reported as frequently as monthly; but general fund revenue is reported annually.
- Q-18 8 staff members serve the 176 districts in Kentucky

MICHIGAN

- Q-11 State Aid Act MCL 388.1618(3), Uniform Budgeting and Accounting Act MCL 141.421-141.440

NEW MEXICO

- Q-7 Via Audit report
- Q-8 Via Audit report
- Q-9 They reserve the right to do so
- Q-11 If the State Auditor's Office relinquishes their right to audit, then they direct hiring of an IPA agency (approved by the State) following the state's Procurement Code.
- Q-13 They reserve the right to request reports monthly.
- Q-14 They are putting a system in place that will allow this capability
- Q-18 Only to the degree that they do an analysis of our budget at the time it is approved.

NEW YORK

- Q-2 State Comptrollers Office, Assistant Comptroller, Office of the State Comptroller, 110 State St., Albany, NY 12236
- Q-10 Independent external audit by CPA firm.
- Q-12 Independent external audit by CPA firm annually, State audit every 5 years.

NORTH DAKOTA

- Q-1 NDCC 15.1-02-08. Accounting and reporting system. The superintendent of public instruction shall implement a uniform system for the accounting, budgeting, and reporting of fiscal data for all school districts in the state.
- Q-8 Called an Annual Financial Report for Publication.
- Q-11 A biennial financial audit is required, supervised by the State Auditor's office. Most are performed by private sector auditors.

OKLAHOMA

- Q-11 Each school district is required to employ an auditor, from a list approved by the SDE, for an annual audit of all funds.

PENNSYLVANIA

- Q-2 Labor, Education, and Community Services (AEC), Comptroller's Office, School Accounting Division; Manual of Accounting and Financial Reporting for Pennsylvania Public Schools
- Q-6 GASB Statement #34 Compliance
- Q-7 Must publish notice of availability for public inspection an annual report that is filed with the Court of Common Pleas in the county and with the Department of Education; Not published as an income/expense statement.
- Q-8 Not published as a balance sheet. Must publish notice that audit is available for public review.
- Q-9 State compliance audit/validate state appropriations and compliance with state statutes.
- Q-11 Independent Audit Report by Certified Public Accountant
- Q-12 Independent CPA audit is done annually and state audits are generally done every two years.
- Q-17 Compliance reporting and data validations

RHODE ISLAND

- Q-1 Rhode Island DOE and Auditor General's Office are currently studying the feasibility of implementing a uniform chart of accounts for all school districts.
- Q-11 Audit must be performed annually by a state recognized certified public accounting or public accounting firm.

SOUTH CAROLINA

- Q-11 Each district in South Carolina has an outside independent audit of its financial records every year. Also, the State Department of Education imposes audits on school districts on a risk basis (approximately every three years).
- Q-12 Every three years - state agency

TEXAS

- Q-1 The State Department of Education (TEA) requires all districts to follow requirements set out in the Financial Accountability Resource Guide, available electronically at <http://www.tea.state.tx.us/school.finance/audit/resguide12/index/html>
- Q-3 One accounting package is not required; however, all districts must report data to the TEA using a prescribed format.
- Q-6 All districts in Texas have been compliant with GASB #34 since the first year of implementation.
- Q-7 School district audit reports are filed electronically with the state education department and these audit reports are posted on the TEA website. In addition, school districts must publish portions of their audit report in the local newspaper. School districts must also comply with the state financial accountability rating system which requires presentation of the Schools FIRST (Financial Integrity Rating System of Texas) Report at a public hearing.
- Q-11 All school districts are required to hire an independent auditing firm to audit the financial records each year.
- Q-13 Budgets are filed with TEA in the fall and audits are filed within 120 days after completion of the fiscal year.
- Q-16 The State of Texas has an extensive system of electronic reporting titled PEIMS (Public Education Information Management System) that has been in place since the 1980's. School districts report thousands of data items - everything from employee salaries, teacher's individual daily schedules, student demographics and test data, health information, drop-outs, discipline reports, tax rates, tax collection rates, property wealth, budgets, expenditures, etc. For more information about PEIMS check the TEA website at <http://www.tea.state.tx.us/peims/index.html>.
- Q-17 TEA was staffed more appropriately at one time; however, in efforts to reduce the state budget, the agency has experienced two major staff reductions. There are very few individuals at TEA with school financial analysis experience.
- Q-18 There have been so many resignations that we no longer know how many, if any, are dedicated to this analysis. Our Texas ASBO members are very concerned about the ability of TEA to provide assistance to school districts and monitor the activities of more than 1,000 school districts and numerous charter schools.

WASHINGTON

- Q-6 Districts over 1,000 fte use Double entry, Accrual system; Districts under 1,000 fte may use double entry, cash basis of accounting unless they choose double entry accrual.
- Q-7 Depends on definition of unifies. Districts submit individual fund income and expense statements as part of the annual report.
- Q-9 The Washington State Auditor's Office
- Q-12 Annually for districts spending more than \$300,000 of federal funds; Small districts may be as long as every 3 years.
- Q-17 4 staff for School Financial Services; Additional staff for state funding formula and analysis.

WISCONSIN

- Q-7 <http://dpi.wi.gov/sfs/budhear/html>
- Q-10 Some auditing of data is done by the School Financial Services Team of the Department of Public Instruction
- Q-11 http://dpi.wi.gov/sfs/audit_1.html
- Q-18 The School Financial Services Team is composed of 14 individuals who are responsible for the payment of state aids. In the course of auditing expenditure and revenue data, the team does analyze data for both aid eligibility and also for state policy development.

WYOMING

- Q-2 Local school district decision for type of accounting system; but must meet State's reporting requirements prescribed by our accounting manual, which in turn must meet all federal reporting requirements.

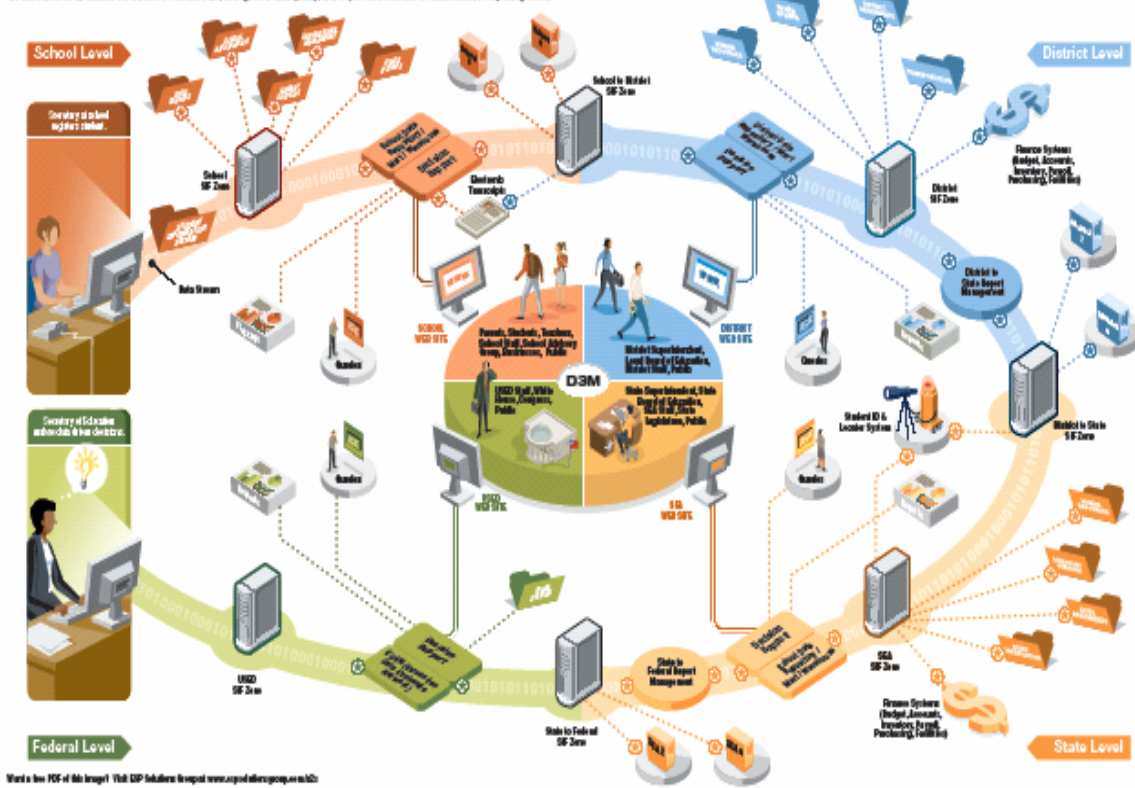
SIF Specifications

- ✓ Not a product, but a technical blueprint for K-12 software that enables diverse applications to interact and share data
- ✓ Designed for technology providers and educators
- ✓ Manages data within the K-12 environment
- ✓ Works cross-platform, over a web based interface
- ✓ Allows for automated reporting at the district, state and federal levels
- ✓ Leverages current software application investments
- ✓ Allows for data driven decision making by:
 - ✓ Collecting information as it is developed
 - ✓ Using business tools to analyze administrative functions

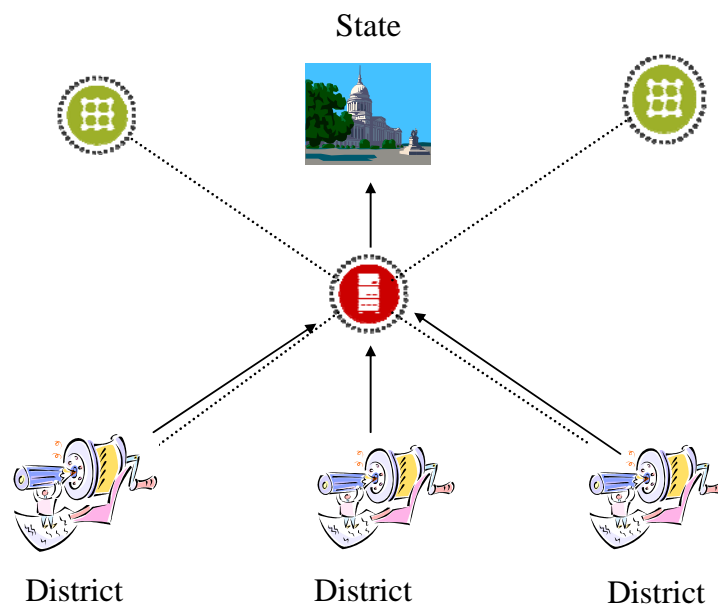
Secretary to Secretary: The Path from Data to Decisions

From a laptop at a school to a state-level decision, a network of software applications supports data driven decision making (DDM). Linking software applications for data sharing in the role of technology standards such as SF: Schools Interoperability Framework, System Interoperability, as illustrated here, reduces the burden on school staff, strengthens data quality, and improves timeliness of data collection/reporting efforts.

Open enables connectivity.



Components Working Together *Vertical Interoperability*



Appendix F – School Corporation Liabilities

METROPOLITAN SCHOOL DISTRICT OF WARREN TOWNSHIP
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Series 2 Construction	Other	Totals
Receipts:									
Local sources	\$ 28,729,876	\$ 5,353,710	\$ 14,956,054	\$ 12,380,156	\$ 2,049,675	\$ 10,511,872	62,872	\$ 4,964,117	\$ 68,506,977
State sources	46,522,613	1,124,196	-	-	-	-	-	954,431	48,601,240
Federal sources	-	-	-	-	-	-	-	7,002,404	7,002,404
Bonds and loans	7,471,485	2,015,329	-	-	-	-	-	-	9,486,814
Sale of property, adjustments and refunds	255,803	7,034	-	43,877	-	10,117,811	111,205	4,550	10,540,328
Intergovernmental transfers	765,856	-	-	-	-	-	-	139,482	905,338
Total receipts	83,745,633	8,500,269	14,956,054	12,424,033	2,049,675	10,128,311	174,077	13,064,984	145,043,101
Disbursements:									
Current:									
Instruction	38,744,195	-	-	-	-	-	-	3,148,454	41,892,649
Support services	35,557,018	6,076,848	-	13,065,711	5,019,675	114,311	966,600	7,394,011	64,120,654
Community services	786,141	-	-	-	-	-	-	971,092	1,757,233
Nonprogrammed charges	32,807	-	55,000	-	-	-	-	377,712	966,199
Debt services	10,197,748	1,929,633	12,933,292	1,063,911	-	-	-	-	25,466,179
Total disbursements	85,317,909	8,006,481	13,488,292	14,129,622	5,019,675	114,311	966,600	11,891,269	134,202,914
Excess (deficiency) of total receipts over (under) total disbursements	(1,572,276)	493,788	1,467,762	4,294,411	1,468,479	14,052	(792,523)	1,173,715	10,840,187
Cash and investments - beginning	13,426,000	1,595,102	1,803,664	3,210,870	510,020	-	3,787,545	(2,086,531)	22,315,556
Cash and investments - ending	\$ 11,853,724	\$ 2,089,100	\$ 3,261,779	\$ 1,806,607	\$ 1,978,505	\$ 10,014,052	\$ 2,995,022	\$ (912,816)	\$ 33,155,743

Component Long-Term Liabilities

Long-term debt activity for the years ended June 30, 2004 and 2005, was as follows:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Fiscal Year 2003-2004					
Governmental activities:					
Bonds payable:					
General obligation	\$ 15,000,000	15,000,000	1,295,000	\$ 15,215,000	\$ 1,960,000
Capital leases	12,095,000	-	1,915,000	10,175,000	2,035,000
Total governmental activities long-term liabilities	\$ 27,095,000	\$ 15,000,000	\$ 3,210,000	\$ 25,390,000	\$ 3,995,000
Fiscal Year 2004-2005					
Governmental activities:					
Bonds payable:					
General obligation	\$ 15,215,000	\$ 1,965,000	1,690,000	\$ 15,490,000	\$ 2,476,544
Capital leases	10,175,000	-	2,035,000	8,140,000	2,561,000
Total governmental activities long-term liabilities	\$ 25,390,000	\$ 1,965,000	\$ 3,725,000	\$ 23,630,000	\$ 5,037,544

PLEASE NOTE: The example above does not represent all asset and liability information that is currently available. Additional data concerning capital asset, lease, and debt information can be obtained from school corporation records. The Department of Education will work with the State Board of Accounts and the Department of Local Government Finance to expand the list of items above to eventually include all categorical liabilities as applicable to the school's report.

Appendix G – Indiana School Business Official Leadership Academy

The Indiana Association of School Business Officials recognizes that it is of the utmost importance that the school business leaders of this state be prepared to meet the fiscal challenges facing our public schools. With Governor Daniels and the General Assembly calling for efficiencies and maximizing resources in our public schools, now is the time to create an academy to train our future fiscal leaders. Therefore, Indiana ASBO supports the creation of an Indiana School Business Official Leadership Academy.

Indiana ASBO believes that the Indiana School Business Official Leadership Academy should encompass the following:

- Provide a climate designed to develop and enhance leadership skills and management techniques necessary to enhance the efficiency and effectiveness of practicing school business officials.
- Assure an analysis and understanding of the efficient use of resources, alignment of expenditures, and effective reporting techniques.
- Expand the communication skills of school business officials.
- Maximize the utilization of monies in the education system to benefit student achievement.
- Emphasize fiscal policies and procedures.
- Advance professionalism of school business officials.

It is envisioned that the Indiana School Business Official Leadership Academy be patterned after the successful Indiana Principal Leadership Academy that was created by the General Assembly in 1986. The Indiana School Business Official Leadership Academy would be operated by the Indiana Department of Education with an Advisory Board represented by members of the General Assembly, practicing school business officials, members of the business community and practicing school superintendents. Indiana ASBO would be prepared to serve in an advisory role for the academy.

The Indiana ASBO Board of Directors has endorsed the concept of a School Business Official Leadership Academy and stands ready to assist with the development of this concept.

SCHOOL BUSINESS OFFICIAL LEADERSHIP ACADEMY Potential Program

Structure of Academy

Two-year program

Four (4) two-day sessions per year

Between 5 to 7 hours per day

Academy participation: 100 for each two-year period

Academy location in central part of the state

Curriculum

Designed for veteran school business officials

Instructors to include:

- In-state experts
- Experienced Indiana school business officials
- National speakers

Potential sessions:

- Leadership Training
- Strategic Planning
- Communication and Effective Leadership
- Team Development
- Professionalism and the Task of Leadership
- Listening Skills
- Time Management
- Performing in the Political Arena
- Dealing with Conflict
- Management Styles
- Ethics
- Reporting and Fiscal Management Issues
- Trends Impacting School Business Management
- Best Practices in School Business Management

Annual meeting for Academy graduates